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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III  
FACING PAGE  
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FEB 28 2005  
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SEC FILE NUMBER  
8-65786

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/04 AND ENDING 12/31/04  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

BGC Markets, L.P.

OFFICIAL USE ONLY  
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

135 East 57<sup>th</sup> Street  
(No. and Street)

New York New York 10022  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Richard Lipson (212) 829-5202  
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Deloitte & Touche LLP  
(Name - if individual, state last, first, middle name)

Two World Financial Center New York New York 10281  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
- ☐ Public Accountant
- ☐ Accountant not resident in United States or any of its possessions.

PROCESSED  
MAR 17 2005  
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FINANCIAL

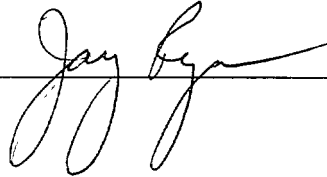
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2). SEC 1410 (06-02)

AFFIRMATION

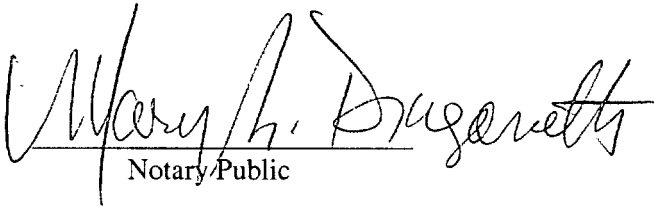
I, Jay Ryan, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to BGC Markets, L.P. as of December 31, 2004 are true and correct. I further affirm that neither the Partnership, nor any partner, principal officer or director has any proprietary interest in any account classified solely as that of a customer.

Signature



Chief Financial Officer

Title



Notary Public

MARY DRAGONETTI  
Notary Public, State of New York  
No. 014754912  
Qualified in Nassau County  
Commission Expires Jan. 31, 2006

# BGC MARKETS, L.P.

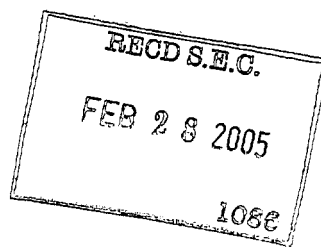
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( ) (k) A Reconciliation Between the Audited and Unaudited Statements of Financial Condition with Respect to Methods of Consolidation (Not Applicable).	
(x) (l) An Oath or Affirmation.	
( ) (m) A Copy of the SIPC Supplemental Report (Not Required).	
(x) (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control).	

\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

BGC Markets, L.P.  
(SEC. ID No. 8-65786)



STATEMENT OF FINANCIAL CONDITION  
AS OF DECEMBER 31, 2004  
AND  
INDEPENDENT AUDITORS' REPORT  
AND  
SUPPLEMENTAL REPORT ON INTERNAL CONTROL

\*\*\*\*\*

Filed in accordance with Rule 17a-5 (e) (3)  
Under the Securities Exchange Act of 1937  
As a PUBLIC DOCUMENT

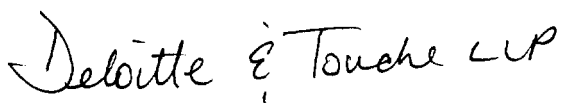
## INDEPENDENT AUDITORS' REPORT

To the Partners of  
BGC Markets, L.P.:

We have audited the accompanying statement of financial condition of BGC Markets, L.P. (the "Partnership") as of December 31, 2004 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Partnership's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such statement of financial condition presents fairly, in all material respects, the financial position of BGC Markets, L.P. at December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.



March 1, 2005

# BGC MARKETS, L.P.

## STATEMENT OF FINANCIAL CONDITION

December 31, 2004

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### Assets

Cash	\$ 1,476,098
Receivables from brokers and dealers	58,827
Receivables from affiliates	17,265
Fixed assets (net of accumulated depreciation of \$22,109)	199,872
Other assets	<u>1,260</u>
Total assets	<u>\$ 1,753,322</u>

### Liabilities and Partners' Capital

Accounts payable and accrued liabilities	\$ 113,102
Payables to brokers and dealers	112,930
Payables to affiliates	<u>1,101,568</u>
Total liabilities	<u>1,327,600</u>
Partners' capital	<u>425,722</u>
Total liabilities and partners' capital	<u>\$ 1,753,322</u>

See notes to the statement of financial condition.

# BGC MARKETS, L.P.

## NOTES TO THE STATEMENT OF FINANCIAL CONDITION

As of December 31, 2004

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### 1. General and Summary of Significant Accounting Policies

**Basis of Presentation:** BGC Markets, L.P. (the "Partnership"), formerly known as Goldrock Group, LLC, is a limited partnership organized under the laws of the State of Delaware. The Partnership is a registered broker-dealer in securities. The Partnership is owned by BGC Partners, L.P. ("BGCP" - 99%) and BGC USA, L.P. ("BGCUSA" - 1%) (collectively with their subsidiaries, "BGC"), and indirectly owned by Cantor Fitzgerald, L.P. and subsidiaries ("CFLP").

In February 2004, the Partnership was acquired by CFLP, and became a wholly-owned subsidiary of CFLP. During 2004, CFLP began the process of restructuring the ownership of its inter-dealer voice brokerage business. The purpose of the restructuring was to emphasize the distinction between the BGC brokerage operations and the CFLP dealer operations and to facilitate the growth of BGC's business. The Partnership was among the companies that were included in the restructuring, and was funded by a \$1 million capital contribution by its owners, BGCP, and BGCUSA. The inter-dealer brokerage businesses of CFLP and Cantor Fitzgerald Securities ("CFS") were transferred to new entities, which are owned by subsidiaries of BGCP. In addition, certain indirect wholly owned subsidiaries of CFLP were also transferred to BGC, including BGC Securities, which was transferred to the Partnership.

The restructuring is expected to take place in stages. In the first stage, which was substantially completed on July 31, 2004, CFLP reorganized the ownership of BGC's U.S. and Asian businesses through a series of asset transfers to BGCP and certain of its subsidiaries. Additional assets will be transferred upon consummation of the reorganization of BGC's business in Europe as further described below. In the first half of 2005, CFLP expects to offer its partners whom are engaged in the BGC business the right to exchange their existing limited partnership units in CFLP for new limited partnership units in CFLP, which will be redeemed for limited partnership units in BGC following completion of the European reorganization. The reorganization in Europe will consist of the formation of three UK limited partnerships (the "UK Partnerships"), which will carry on the voice brokerage business currently conducted by BGC International (formerly Cantor Fitzgerald International) and its subsidiaries.

Following the completion of the reorganization and the BGC partnership exchange, CFLP will continue to indirectly control BGC through its ownership of the managing general partner of BGC. CFLP will retain a majority of the limited partnership interests in BGC, with the remainder of the limited partnership interests owned by certain employees of BGC.

The Partnership engages primarily in inter-dealer brokerage whereby its counterparty transactions are given up to affiliated companies for clearance and settlement. The Partnership is engaged as an institutional broker, primarily transacting in government issued securities.

**Use of Estimates:** The preparation of the statement of financial condition in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities in the statement of financial condition. Management believes that the estimates utilized in preparing the statement of financial condition are reasonable and prudent. Estimates, by their nature, are

based on judgment and available information. As such, actual results could differ materially from the estimates included in this statement of financial condition.

**Cash and Cash Equivalents:** The Company considers all highly liquid investments with original maturity dates of 90 days or less at the date of acquisition to be cash equivalents. There were no cash equivalents as of December 31, 2004.

**Receivables from and payables to Brokers and Dealers:** Receivables from and payables to brokers and dealers represent amounts due on trade settlement differences.

**Fixed Assets and Leasehold Improvements:** Fixed assets are depreciated over their estimated economic useful lives, generally 3 to 5 years, using the straight-line basis. Leasehold improvements are amortized over their estimated economic useful lives or the remaining lease term, whichever is shorter.

**Income Taxes:** Under applicable federal and state laws, the taxable income or loss of a general partnership is allocated to each partner based upon their ownership interest. Each partner's tax status, in turn, determines the appropriate income tax for its allocated share of taxable income or loss. However, the Partnership is subject to the Unincorporated Business Tax in the City of New York for which it records an income tax provision.

## **2. Related Party Transactions**

The Partnership's receivables from and payables to affiliates represent uncollateralized advances and amounts due to affiliates for support services provided.

Cantor Fitzgerald Securities and Subsidiaries ("CFS") and CFLP provide the Partnership with administrative services and other support for which they charge the Partnership based on the cost of providing such services. Such support includes allocations for occupancy of office space, utilization of fixed assets and accounting services. In addition, under a Joint Services Agreement between the Partnership and eSpeed, eSpeed provides network, data center and server administration support and other technology services to the Partnership. eSpeed charges the Partnership for these services commensurate with the cost of providing these services.

Under an agreement between the Partnership and CFS, CFS performs clearance and settlement services for the Partnership's corporate and other debt securities business.

## **3. Legal Matters**

In the ordinary course of business, various legal actions are brought and are pending against the Partnership. In some of these actions substantial amounts are claimed. The Partnership is also involved, from time to time, in other reviews, investigations and proceedings by governmental and self-regulatory agencies (both formal and informal) regarding the Partnership's business, judgments, settlements, fines, penalties, injunctions or other relief.

The Partnership contests liability and/or the amount of damages in each pending matter. In view of the inherent difficulty of projecting the outcome of such matters, the Partnership cannot predict with certainty the loss or range of loss related to such matters, how such matters will be resolved, when they ultimately will be resolved, or what the eventual settlement, fine, penalty or other relief might be. Subject to the foregoing, the Partnership believes, based on current knowledge and after consultation with counsel, that the outcome of each such pending matter will not have a material adverse effect on the consolidated financial condition of the company.



Legal reserves have been established in accordance with SFAS No. 5, "Accounting for Contingencies." Once established, reserves are adjusted when there is more information available or when an event occurs requiring a change.

#### **4. Employee Benefit Plans**

Employees of the Partnership are eligible to participate in the eSpeed, Inc. Deferral Plan for Employees of Cantor Fitzgerald, L.P. and its Affiliates (the "Plan"), whereby eligible employees may elect to defer a portion of their salary by directing the Partnership to contribute withheld amounts to the Plan. The Plan is available to all employees of the Partnership meeting certain eligibility requirements and is subject to the provisions of the Employee Retirement Income Security Act of 1974.

#### **5. Regulatory Capital Requirements**

As a registered broker-dealer, the Partnership is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2004, the Partnership had net capital of \$207,325, which was \$107,325 in excess of its required net capital, and the Partnership's net capital ratio was 6.4 to 1.

#### **6. Counterparty Credit Risk**

Credit risk arises from the possibility that a counterparty to a transaction might fail to perform according to the terms of the contract, which could result in the Partnership incurring losses. As a securities broker-dealer, the Partnership is engaged in various brokerage activities, servicing a diverse group of domestic and foreign corporations, governments and institutional and individual investors. A substantial portion of the Partnership's transactions are fully collateralized and are executed with, and on behalf of, institutional investors including major brokers and dealers, money center and other commercial banks, insurance companies, pension plans and other financial institutions. The Partnership's exposure to the risk of incurring losses associated with the nonperformance of these counterparties in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets, which may impair the counterparties' ability to satisfy their obligations to the Partnership. The Partnership monitors counterparty activity daily and does not anticipate nonperformance by counterparties. The Partnership has a policy of periodically reviewing the credit standing of each counterparty with which it conducts business.

#### **7. Fair Value of Financial Instruments**

Substantially all of the Partnership's financial instruments are carried at fair value or amounts which approximate fair value. The Partnership's remaining financial instruments are generally short-term in nature and liquidate at their carrying value.

\*\*\*\*\*

March 1, 2005

BGC Markets, LP  
135 East 57<sup>th</sup> Street  
New York, New York 10022

Dear Sirs:

In planning and performing our audit of the financial statements of BGC Markets, LP (the "Partnership") for the year ended December 31, 2004 (on which we issued our report dated March 1, 2005), we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the Partnership's internal control.

Also, as required by Rule 17a-5(g)(1) under the Securities Exchange Act of 1934, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Partnership that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule-17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Partnership in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Partnership does not carry securities accounts for customers or perform custodial functions relating to customer securities.

The management of the Partnership is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control and of the practices and procedures, and to assess whether those practices and procedures can be expected to achieve the Securities and Exchange Commission's (the "Commission") above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Partnership has responsibility are safeguarded against loss from unauthorized acquisition, use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control or of such practices and procedures to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with the practices or procedures may deteriorate.

Our consideration of the Partnership's internal control would not necessarily disclose all matters in the Partnership's internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the Partnership's internal control and its operation (including control activities for safeguarding securities), that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Partnership's practices and procedures were adequate at December 31, 2004, to meet the Commission's objectives.

This report is intended solely for the information and use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

*Deloitte & Touche LLP*